

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-01 H-01 INR-05 INT-05 L-02 LAB-04 NSAE-00

NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15 STR-01

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 SWF-01

FEA-01 /084 W

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P 090712Z DEC 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC PRIORITY 5570

LIMITED OFFICIAL USE NEW DELHI 16319

STATE FOR MORLEY (NEA/INS)

E.O. 11652: N/A DECLASSIFY UPON RECEIPT

TAGS: ETRD

SUBJ: MOTION PICTURES EXPORT ASSOCIATION (MPEAA)

1. PLEASE FORWARD THE FOLLOWING MESSAGE TO:

MOTION PICTURE EXPORT ASSOCIATION OF AMERICA, 522 FIFTH AVE,
NEW YORK, NY 10036.

2. CAPT. DENNIS PEREIRA RECEIVED THE FOLLOWING LETTER DATED
6 DEC 74 FROM S.M. MURSHED, DIRECTOR (FILMS) OF THE GOI MINISTRY
OF INFORMATION BROADCASTING:

3. (BEGIN TEXT) DEAR MR. PEREIRA: I AM WRITING THIS WITH
REFERENCE TO THE VARIOUS DISCUSSIONS THAT WE HAVE HAD WITH YOU
AND WITH REPRESENTATIVES OF THE MOTION PICTURE EXPORT ASSOCIATION
OF AMERICA REGARDING THE IMPORT OF FILMS INTO INDIA BY MPEAA
COMPANIES. I AM GLAD TO SAY THAT THE PROPOSALS WHICH EMERGED OUT
OF OUR DISCUSSIONS HAVE NOW BEEN APPROVED BY GOVERNMENT. THE
DETAILED ARRANGEMENTS FOR THE IMPORT OF FILMS ARE BEING WORKED OUT
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SEPARATELY AND WILL BE SET OUT IN A DOCUMENT WHICH IS BEING

DRAWN UP. MEANWHILE, I WISH TO INDICATE TO YOU IN ADVANCE
WHAT THE BASIC FEATURES OF THIS AGREEMENT WILL BE. THESE WILL BE
AS FOLLOWS:

1) THE ARRANGEMENT WILL BE OPERATIVE FOR A PERIOD OF FOUR YEARS
DURING WHICH MPEAA COMPANY WILL BE ALLOWED TO IMPORT BETWEEN
100 TO 150 FILMS PER YEAR.

2) THE FILMS WILL BE SELECTED BY US ON A GLOBAL BASIS. IN
MAKING THIS SELECTION WE SHALL CONSULT YOU AS AND WHEN NECESSARY.

3) THE LOCAL EARNINGS FROM THE FILMS WILL BE DISPOSED OF IN THE
FOLLOWING MANNER: (A) LOCAL OPERATING EXPENSES - 45 PERCENT;
(B) AIR INDIA TRAVEL, HOTEL AND OTHER INCIDENTAL EXPENSES,
PURCHASE OF INDIAN FILMS AND COST OF PRODUCTION AND CO-PRODUCTION
OF FILMS IN INDIA - 20 PERCENT; (C) INTEREST FREE LOANS TO GOVERN-
MENT-SPONSORED INSTITUTIONS TO BE USED FOR SUCH PURPOSES AND IN
SUCH A MANNER AS MAY BE DECIDED BY THE GOVERNMENT OF INDIA -
20 PERCENT. THERE WILL BE A MORATORIUM ON REPAYMENT OF THESE
LOANS FOR FIVE YEARS AND REPATRIABLE REPAYMENTS WILL BE MADE OVER
THE NEXT TEN YEARS, THEREAFTER; AND (D) REPATRIATION BY THE MPEAA -
15 PERCENT OR RS. 25 LAKHS PER ANNUM, WHICHEVER IS LESS.

4. UNDER THE ARRANGEMENTS THAT WERE PREVIOUSLY IN FORCE THE MPEAA
ACCUMULATED CERTAIN FUNDS WHICH ARE NOW BLOCKED IN INDIA. THERE
SHOULD BE NO DIFFICULTY IN THE REPATRIATION OF THESE FUNDS TO THE
EXTENT OF RS. 15 LAKHS PER ANNUM. OF COURSE, WE SHALL HAVE NO
OBJECTION IN PRINCIPLE TO THE UTILISATION IN THE QUICKEST POSSIBLE
TIME OF ALL THE BLOCKED FUNDS IN A MANNER WHICH WILL BE ACCEPTABLE
TO THE ASSOCIATION AND THE GOVERNMENT OF INDIA.

5. AS I HAVE ALREADY EXPLAINED TO YOU, IT SHALL BE OUR ENDEAVOUR
TO FINALISE ALL DETAILS AS EXPEDITIOUSLY AS POSSIBLE SO THAT THE
FILMS CAN BEGIN TO ARRIVE IN INDIA FROM THE MIDDLE OF JANUARY 1975.

6. BEFORE I CONCLUDE I SHOULD LIKE ENTER THE CAVEAT THAT THE
GOVERNMENT OF INDIA WILL BE BOUND BY THE TERMS OF THE FORMAL
AGREEMENT THAT MAY BE MADE HEREAFTER. THE CONTENTS OF THIS LETTER
ARE MERELY INDICATIVE OF THE PRESENT TREND OF THOUGHT IN OUR
MINISTRY. YOURS SINCERELY, (SM. MURSHED) (END TEXT)
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7. PEREIRA COMMENTS FOLLOW: (BEGIN COMMENTS) HAD FURTHER
DISCUSSIONS WITH MINISTRY. ANY CHANGES IN TERMS WILL REQUIRE
RESUBMISSION TO CABINET AND ENTIRE MATTER COULD BE DELAYED
INDEFINITELY WITHOUT GUARANTEE OF ACCEPTANCE OF OUR PROPOSALS.
CERTAIN SECTIONS OF PRESS ALREADY CRITISING GOI DECISION TO DEAL
ALMOST EXCLUSIVELY WITH AMERICAN COMPANIES.
SINCE MPEAA HAD SURRENDERED ALL RIGHTS TO REPATRIATION OF

BLOCKED FUNDS UNDER OLD AGREEMENT THE RS. 15 LACS COULD BE
CONSIDERED ADDITIONAL ADVANTAGE TO US. HOWEVER STILL
NEGOTIATING BUT CHANCES DO NOT APPEAR VERY BRIGHT. IN
VIEW PRESENT ECONOMIC SITUATION HERE CONSIDER GOI OFFER
REASONABLE. KRS MEMBERS AND US EMBASSY AGREE WITH MY
ASSESSMENT AND LIKE ME RECOMMENDING OFFER BE ACCEPTED
EARLIEST. KRS MEMBERS ALSO COMMUNICATING HOME OFFICES
INDIVIDUALLY RECOMMENDING ACCEPTANCE. KINDLY ADVISE
MEMBER COMPANIES INSTRUCT BOMBAY MANAGERS SUBMIT ENTRIES
FOR FESTIVAL SOONEST TO GENERATE MAXIMUM LEEWAY DURING
DRAWING UP OF FINAL DOCUMENT. REGARDS, PEREIRA. (END COMMENTS).
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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MOTION PICTURES, IMPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974NEWDE16319
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740356-0523
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741250/aaaabqrx.tel
Line Count: 127
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUL 2002 by martinml>; APPROVED <25 MAR 2003 by CunninFX>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MOTION PICTURES EXPORT ASSOCIATION (MPEAA)
TAGS: ETRD, IN, MPEAA, MOTION PICT EXPORT ASSOC OF AMERICA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005